

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7164

BILL NUMBER: HB 1448

NOTE PREPARED: Feb 5, 2015

BILL AMENDED:

SUBJECT: Mental Health Drugs and Coverage.

FIRST AUTHOR: Rep. Davisson

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill includes inpatient substance abuse detoxification services as a Medicaid service.

It prohibits the Office of Medicaid Policy and Planning from requiring prior authorization for a drug that is a nonaddictive medication-assistance treatment drug being prescribed for the treatment of substance abuse.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary:* The bill could increase Medicaid services costs to provide inpatient substance abuse detoxification and to provide medications to treat substance abuse. Medical transportation costs may also increase. The additional costs are indeterminate and will be based on the number of additional people covered.

The bill also requires training of judges, prosecutors, and public defenders on diversion and other probationary programs for individuals with addictive disorders, including medication-assisted treatment. The Indiana Judicial Center, the Prosecuting Attorneys Council, and the Public Defender Council are to provide the training for their members and are expected to incur very minimal additional costs.

Additional Information -

Inpatient Substance Abuse Detoxification Services: The Family and Social Services Administration (FSSA) reported that Medicaid currently provides reimbursement for inpatient detoxification services. DMHA

reported that the degree of medical necessity that is applied by the limited number of providers for these specialized services may be limiting the current pool of patients that have services reimbursed. DMHA reported that the medical necessity criteria applied currently may be that the patient is at risk of death without detoxification. The fiscal impact would depend on the number of detoxification providers that would be available to provide inpatient services to addicted Medicaid-enrolled individuals.

Methadone as a Maintenance Treatment for Opioid Abuse: The bill appears to permit the Medicaid program to cover addictive medication-assistive treatment drugs - this would include methadone and buprenorphine/naloxone. FSSA reported that currently Indiana Medicaid regulations do not allow reimbursement for methadone as a substance abuse maintenance drug. It is reimbursed for substance abuse treatment only when it is used by CMHCs in detoxification treatment or if it is prescribed for pain management. (Under current pharmacy laws, it is prohibited for a pharmacist to fill an addictive prescription for known drug abusers; the pharmacist would be subject to disciplinary actions by the Board of Pharmacy.) Buprenorphine/naloxone is reimbursed for substance abuse treatment by Medicaid only if prescribed by specified physicians.

[Methadone is an addictive drug that was reported to cost in 2012, \$11.49 per 100mg. Clients in opioid treatment programs were reported to pay in a range of \$65 to \$101.50 per week.]

Transportation Costs: FSSA reported that if methadone is added to the Medicaid program as an allowable maintenance drug for the treatment of opioid substance abuse, the transportation expense required could exceed the cost of the drugs. Medicaid enrollees statewide could enter treatment programs and have transportation to the geographically limited opioid treatment programs (OTP) provided on a daily basis by the Medicaid program. (Patients are known to drive an hour or more each way to access methadone treatment programs.)

Opioid Treatment Drugs: Under the bill, FSSA would be required to provide unrestricted access to a Food and Drug Administration-approved long-acting, nonaddictive medication for the treatment of opioid and alcohol dependence. This describes Naltrexone (Vivitrol), which is a nonaddictive, long-lasting drug that is injected on a monthly basis to treat individuals with an addiction to opioid or alcohol. The extended release version of the drug that is used for opiate addiction treatment is reimbursed by Medicaid at approximately \$1,100 per injection.

Administrative costs: The FSSA may be required to submit a Medicaid State Plan amendment (SPA) to add inpatient substance use detoxification services as a State Plan service. If a SPA is required, state plan amendments are a core function of the Medicaid program and should be accomplished within the level of resources currently available to the FSSA.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA, DMHA.

Local Agencies Affected:

Information Sources: FSSA, DMHA, Minutes of the July 30, 2014, meeting of the Interim Study

Committee on Public Health, Behavioral Health, and Human Services.

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